GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:935
ANSWERED ON:05.08.2011
IT OVERSEAS UNITS
Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

(a) the names of places where Income Tax (IT) Overseas Units are set up as on date;

(b) whether the Government has any proposal to set up more such units in various countries;

(c) if so, the details thereof and the time by which such units are likely to be set up; and

(d) the steps taken by the Government to fight the menace of tax evasion in the wake of rise in cross broder trade of goods and services?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) Sir, at present Income Tax Overseas Units (ITOUs) are functional at Mauritius and Singapore.

(b)&(c) Yes Sir. The Government has proposal to set up ITOUs in eight more countries, namely, Cyprus, France, Germany, Japan, Netherlands, UAE, U.K. and USA. The proposal is being processed and units are likely to be set up within the present financial year 2011-12.

(d) The Government of India has framed a comprehensive five pronged strategy to fight the menace of tax evasion in the wake of rise in cross broder trade of goods and service. The strategy comprises of:

(i) Joining the global crusade against `black money` (for example our action in G-20. Global Forum on Transpareancy and Exchange of Information for Tax Purposes, Task Force on Financial Integrity and Economic Development, Financial Action Task Force, UN, OECD etc.);

(ii) Creating an appropriate legislative framework (Various anti-tax evasion measures legislated in existing Act and proposed in the DTC, New DTAAs and TIEAs, amending existing DTAAs);

(iii) Setting up institutions for dealing with Illicit Funds (10 Income-tax Overseas Units, dedicated computerized Exchange of Information [EOI] Unit);

(iv) Developing systems for implementation (new manpower policy); and

(v) Imparting skills to the manpower for effective action (constant training for skill development).